

# EU gets ready to protect its domestic rice industry

**ERECTING HURDLES.** As it gets ready to sign FTA with India and give basmati GI tag, the bloc tightens norms for new entrants

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The European Union has come up with a set of proposals to protect its domestic rice players even as it prepares to provide a Geographical Indicator (GI) tag for Indian basmati rice and signing a free trade agreement (FTA) with New Delhi, documents viewed by *businessline* show.

The proposals include repealing regulations for the import of basmati rice, increasing security deposit, electronic invoicing, e-authentication, and online consumer protection.

Two major European players who will likely benefit from these are Spanish firm Ebro Foods, which owns the premium basmati rice brand

Tilda, and Italian firm Euricom.

The proposals have been submitted by the European Commission to the EU Council, and it is expected to be ratified and implemented. One of the proposals is Article 4, which erects a barrier to any new basmati player who has to obtain an import licence after acquiring two years of experience in rice.

## PREVENTIVE CLAUSE

Once basmati rice gets protected GI (PGI) from the EU — the application has been pending since July 2018 — a branded basmati player from India intending to set up a mill to avail of the zero import duty concession will have to wait.

Article 5 of the proposed regulation bars transferring



**BEING CAUTIOUS.** The European industry fears that leading and famous Indian brands will enter the EU after it inks FTA with India and PGI for the fragrant rice is registered there

import licences among traders. “Even if an Indian company technically takes over an experienced trading company, its experience is under question. Article 5 is a preventive clause to ensure that Article 4 is not circum-

vented,” said S Chandrasekaran, a GI expert who has authored the book “Basmati Rice: The Natural History Geographical Indication.”

The initiative is aimed at protecting European do-

mestic mills and European basmati rice brands. Perhaps, Chandrasekaran said, the European industry fears that leading and famous Indian brands will enter the European Union after the EU signs an FTA with India and PGI for the fragrant rice is registered there. The gestation period is a primary protection for European Basmati players. “The European Commission’s move is to preserve the *status quo* of local players and brands in the mainland Europe basmati market. This signals the serious intent of the European Commission in protecting its domestic interests, which also indicates the gaps and vulnerability,” the GI expert said.

“India needs to prioritise its focus and intent in the FTA and GI agreement with

the EU given overall national interest instead of mere commercial interests,” Chandrasekaran said.

## RISING SHIPPING RISKS

Another proposal is the increase mooted in the security deposit for any consignments entering the EU. Till now, it has been collecting a deposit of €30 per tonne. This is now being raised to €70, which increases the risk of the sub-continent losing money in case of a forfeiture.

The risk of forfeiture will increase as the EU will be digitising even non-customs formalities of shipments from 2025. The forfeiture may be for any adulteration or wrong authenticity of the fragrant rice.

This provision will bring in traceability of rice right from

the farm where it is cultivated. This will create problems with regard to the GI tag for Indian basmati rice.

The GI tag given to basmati rice by the Indian authority recognises Punjab, Haryana, Uttar Pradesh, Himachal Pradesh, Uttarakhand, Jammu and Kashmir and Delhi as the growing regions. However, the fragrant rice grown in these regions sometimes runs into pesticide residue issues.

So, many exporters are sourcing basmati rice from Madhya Pradesh, which is not recognised as a growing region; the State’s case for GI tag is pending with the Supreme Court. With the decision to digitise, the EU will now have the upper hand to deny market share to rice from the central Indian State.